



MANUFACTURING  
EXTENSION  
PARTNERSHIP™

**National Institute of Standards and Technology**

COOPERATIVE AGREEMENT RENEWAL

# **OPERATING PLAN GUIDELINES**

**November 2009**

**VERSION 2.5**

# Table of Contents

<b>PART I: BACKGROUND .....</b>	<b>3</b>
Overview .....	3
The Operating Plan .....	4
Why An Operating Plan? .....	4
Developing an Operating Plan .....	6
Amending the Operating Plan .....	6
<b>PART II: OPERATING PLAN FORMAT .....</b>	<b>8</b>
Section I .....	8
Cover Page.....	8
Mission and Vision.....	8
Center Profile from most recent Center Progress Report .....	8
Section II .....	9
List of Strategic Plan Goals .....	9
Key Center Performance Metrics.....	9
Section III .....	10
Budget .....	10
Sample Budget Table .....	12
Sub-Award/Third Party In-Kind Contributions Table .....	14
Budget Narrative.....	15
<b>APPENDIX I: SAMPLE OPERATING PLAN FORMAT TEMPLATE .....</b>	<b>17</b>
Subrecipients.....	18
Subawards .....	18
Third Party In-Kind Contributor Agreements .....	19
Contracts.....	20
MEP General Terms and Conditions.....	20
MEP Audit & Compliance Guide .....	20
Regulations and Guidelines .....	22
<b>APPENDIX V: OPERATING PLAN BUDGET CHECKLIST .....</b>	<b>23</b>

## PART I: BACKGROUND

### Overview

This document provides recommended guidance for creating the annual MEP Center Operating Plan and describes the main components and deliverables that are reviewed as part of the Center renewal package submission.

These Operating Plan Guidelines are viewed as a “living” document. Comments are always welcomed and encouraged. The Guidelines will be revised from time to time to reflect changing programmatic needs. Revisions will be transmitted uniformly to Centers with sufficient lead-time to accommodate any changes. Centers are encouraged to contact their HMEP Program Officer (FPO), Account Manager (AM) and Business Liaison Specialist (BLS) for assistance, or with comments or questions.

The plan consists of the three basic steps of describing and reflecting the alignment of:

- Center mission
- goals for the operating year, and
- supporting budget

*Centers may always expand on the minimums shown in this document.*

**NOTE: Draft Operating Plans** must be submitted with all associated forms and supporting documentation listed below to the Center assigned NIST HMEP **Federal Program Officer (FPO)** 90 days prior to the start of the new operating period. NIST HMEP review will **not** commence until all associated documents are submitted with the Operating Plan.

The **final Operating Plan** must be submitted in hard copy accompanied by all associated signed documents to the **NIST HMEP FPO, no later than 60 days prior to the start of the new cooperative agreement period**. The FPO and AM assigned to the Center are available to support the Center on Operating Plan development prior to the due date. Any delay in meeting this schedule may result in a delay in funding.

Documents accompanying the Operating Plan for review must include:

- SF 424 Application for Federal Assistance (CFDA #11.611)
- SF 424A Budget Information Non-Construction Programs
- SF 424B Assurances Non-Construction Programs
- CD511 Certification Regarding Lobbying
- Indirect Rate Cost Approval Document
- Subawards, contracts and third party contributor agreements, with budgeted amounts in excess of \$100,000 and terminations or material modifications of subawards, contracts and third party contributor agreements in excess of \$100,000.

## The Operating Plan

The Operating Plan is a document that **describes an HMEP Center's program-specific objectives and goals for the operating year and how it will meet them**. It is also a "road map" that communicates the yearly plan to Center staff, Boards of Directors and other stakeholders.

The Operating Plan should align **with** the strategies outlined in the **Center's Strategic Plan and the HMEP Next Generation Strategies**, but should be **much more specific about how those strategies will be implemented for the current year**.

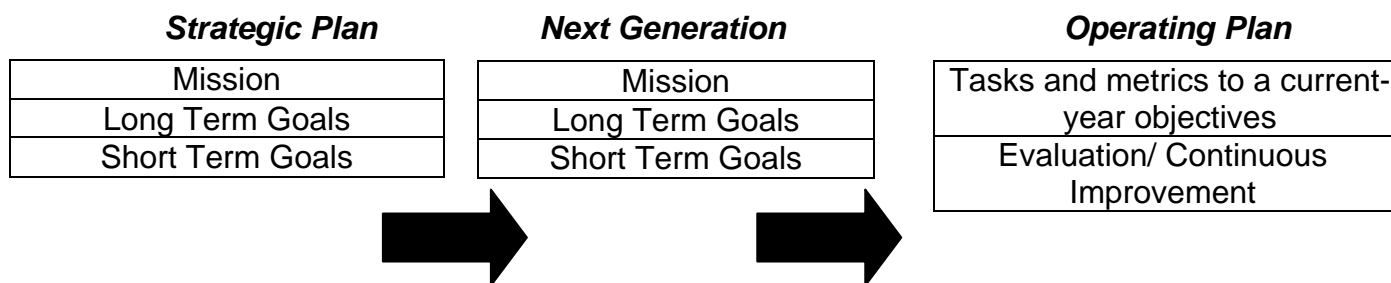


Figure 1: Plan Alignment

The Operating Plan should contain information that describes:

- The Center's mission and vision
- The Center's Strategic and Operating goals for the operating year
- How success will be measured and evaluated.

### NOTES:

- **Additional information regarding the Operating Plans can be found at <https://www.mepcenters.nist.gov/>**
- **Appendix III: Operating Plan Budget Checklist provides further information in preparing an Operating Plan that includes requested documentation from the NIST MEP Program Office and Grants Acquisition Management Division (GAMD).**

## Why An Operating Plan?

The Operating Plan describes the Center's scope of work for the funding year in accordance with the Cooperative Agreement General Terms and Conditions, Section 2.

Operating Plans are used to:

- Document explicit activity parameters and assumptions about program direction.
- Establish a staffing/organizational structure that will enable the Center to meet its operational and strategic goals.
- Focus the center team on the specific tasks that the Center must accomplish during the operating year to achieve key objectives with maximum efficiency in fulfilling the mission.

- Establish specific targets for each critical objective.
- Create tasks and milestones that can be used for evaluating performance.
- Help communicate Center activities to its staff and stakeholders.
- Monitor Center progress throughout the operating year award period.

#### **NOTE: IMPORTANT DUE DATES**

90 Days prior to the start of the new operating year award period, center submits to NIST HMEP FPO DRAFT Operating Plan and all associated documents

- SF 424
- SF 424A
- SF424B
- CD-511
- Indirect Rate Cost Approval Document
- Subawards, contracts and third party contributor agreements, with budgeted amounts in excess of \$100,000 and terminations or material modifications of subawards, contracts and third party contributor agreements in excess of \$100,000.

60 Days prior to the start of the new operating year award period, center submits to NIST HMEP FPO FINAL Operating Plan and all associated documents

- Signed SF 424
- Final SF 424A
- Signed SF 424B
- CD-511
- Indirect Rate Cost Approval Document
- Subawards, contracts and third party contributor agreements, with budgeted amounts in excess of \$100,000 and terminations or material modifications of subawards, contracts and third party contributor agreements in excess of \$100,000.

The Operating Plan Guideline is intended to assist the Center to prepare a plan that will, at a minimum, satisfy the requirements of NIST HMEP and the NIST Grants Office. Centers may also add additional appendices as desired. *The overall goal is to develop a solid plan that the Center, its staff and its stakeholders will also find useful and valuable in understanding how the Center's activities will be implemented during the operating year.*

## Developing an Operating Plan

### Timing

All HMEP Centers are required to submit an annual Operating Plan in order to renew their Cooperative Agreements. The following timeline provides the timing and description of the deliverables:

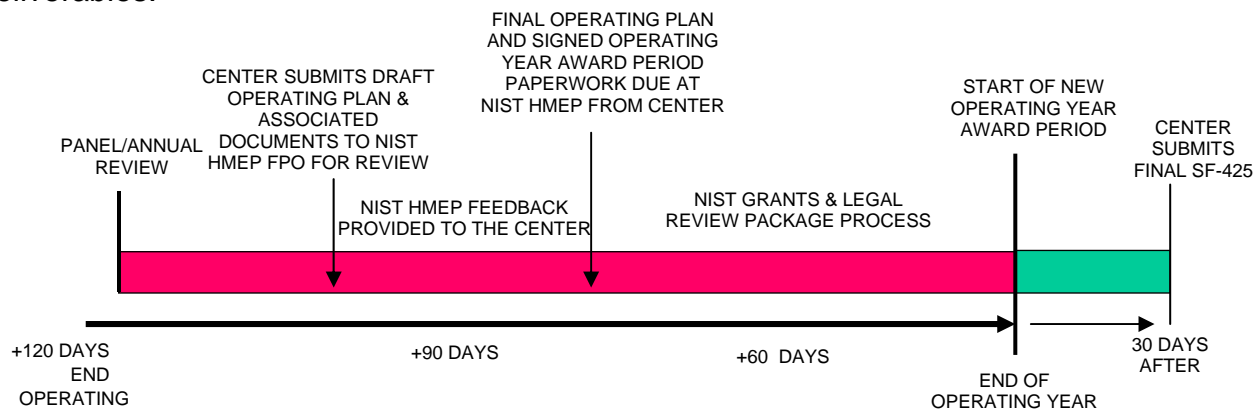


Figure 2: Operating Plan Timeline

Approximately 120 days prior to the end of the operating year, the Center will undergo a review, conducted either by the FPO/AM Team or by a peer review panel. Comments from the review will be provided to the Center to incorporate recommendations into its new Operating Plan. Guidance, if needed, is available from the FPO, AM and the BLS at NIST HMEP. In order to ensure timely renewal, a final version, with all changes and edits addressed and reviewed, of the new Operating Plan and all associated signed documents must be submitted to the NIST HMEP FPO for final processing to NIST Grants Office at least 60 days prior to the end of each funding year as part of the Cooperative Agreement renewal package.

### Amending the Operating Plan

Any changes made to the scope of work and in some cases the budget, requires a re-submittal to NIST HMEP for recommended approval and final approval from the NIST Grants Officer. The Center should work with the NIST HMEP FPO/AM to update, and amend, if necessary, the annual Operating Plan. Changes will become effective via an amendment to the award, signed by the NIST Grants Officer. All associated documents must be resubmitted to NIST HMEP reflecting these changes.

Refer to 15 CFR 14.25, 15 CFR 24.30, the HMEP General Terms and Conditions and the DoC Financial Assistance Standard Terms and Conditions (A.04) for other changes that may require an amended Operating Plan.

**If a recipient needs to move costs from direct to indirect or vice versa, the recipient must submit this request in writing to the Grants Officer via the HMEP Program Office for approval.**

**A subrecipient must submit its request to the recipient for approval. For more details, refer to DoC Financial Assistance Standard Terms and Conditions (A.04.c) for budget changes and transfer of funds categories.**

## PART II: Operating Plan Format

This document is provided as a resource document and describes the information needed for a Center Operating Plan. Centers may also include additional information such as a formal marketing plan, a strategic plan, and an evaluation plan or may choose to expand on the goals or metrics sections to reflect goals or metrics broken out by staff, regional office, partner, or by month.

### Section I

- A. Cover Page (Recommended Length 1 Page-** A template of the cover page can be found in Appendix I)

The cover page of the Operating Plan should list the name of the Center and any d/b/a names, Legal Recipient of the Cooperative Agreement, the current NIST Cooperative Agreement number, the dates of the operating year, and the date and version number of the plan.

**NOTE: The Cooperative Agreement Number will change every 5 years and/or upon a novation or transfer to another organization, or for other administrative programmatic reasons.**

- B. Mission and Vision (Recommended Length 1 Page)**

This page should include the Center's mission and vision statements. The goals and tasks for the year that are described in the Operating Plan in the sections following the mission and vision statements should demonstrate relevance towards achieving the mission.

- C. Center Profile from most recent Center Progress Report (Recommended Length up to 12 Pages)**

To allow a complete and concise presentation of the Center to all parties that read the operating plan it is important to include an overview of the Center structure. This can be achieved by including the Center Profile that Centers have prepared for the Center Progress Report used in the review process. This includes the following items:

- Brief History of the Center (going back 5 years)
- Overview of all the Center's activities and overall budget including what percentage of the budget is HMEP-related
- Center Organization and Governance (include list of current Board Members with affiliation, position and role within the board)
- Center Financial Summary (include budgeted versus actual expenses for past two years and current operating period for at least the past six months)
- Center Personnel, including detailed Staffing and Leadership Structure
- Individuals authorized to sign Federal documents as defined in General Terms and Conditions.



- Center Locations and Geographic Coverage of Region (a map that depicts coverage and boundaries is desirable)
- Market Characteristics of the Service Region
- Center Products and Services and Service Delivery Mode
- Partnership strategy, roles and all deliverables of partners

## Section II

### A. List of Strategic Plan Goals (Recommended Length 1-2 Pages)

This section should include the current Strategic goals of the Center, taken from the current Center Strategic Plan. This section should include, in part, the strategic approach the Center intends to take to achieve the HMEP System goals. The current year Center program goals (see C. below) should be linked to the strategic plan goals.

### B. Key Center Performance Metrics (Recommended Length 1-2 Pages)

This section should list the key Center performance metrics or “dashboard” of the four to five key metrics that the Center leadership will track to assess progress.

Sufficient historical performance data should be provided to reflect relevance to those proposed for the operating period. Two (2) years of actual history, period to date and projected for the new operating period should be provided.

These key metrics should link back to Strategic Plan and current year Center goals and include how the Center will track progress towards the HMEP System goals.

**MEP System Goals** that should be addressed by Centers are provided below:

- Performance - All centers exceed the current MAIM (impact metrics).
- State Strategy - 100% center participation in improving the integration of the HMEP Program into the State's Strategies relative to manufacturing.
- Service Delivery - 100% center participation in the development or delivery of at least one growth services activity.
- Workforce - 100% center participation in the development or delivery of at least one workforce activity (e.g., WIRED, lay-off aversion, etc.).
- System - 100% center participation in the management or delivery of at least one joint project with at least two other centers. (e.g., System Accounts, trade association projects, etc.).

**MEP Next Generation Strategy** - Key Initiatives should be addressed separately as applicable to the Center:

- Continuous Improvement — Enhance productivity and free up the capacity that will provide manufacturers a stable foundation to pursue innovation and growth. HMEP will continue to provide a unique approach to implementing the concepts of lean manufacturing, scaled for smaller companies to readily adopt, and serve as a

starting point to leverage the operational improvements into company transforming strategies.

- Technology Acceleration –Services being offered to bring innovative and affordable new product and process improvement opportunities adapted to the needs of manufacturers.
- Supplier Development – Services and activities provided to improve the competitive position of manufacturers through the development of an efficient supply base and the identification of innovative processes and products. Develop and deliver the national capacity, tools, and services needed to put suppliers in the best position to thrive in existing and future global supply chains.
- Sustainability –Activities and programs focused on helping companies gain a competitive edge by reducing environmental costs and impact by developing new environmentally-focused materials, products and processes to gain entry into new markets.
- Workforce – Activities focused on expanding partnerships and collaborations to develop and deliver the tools and services needed to foster the development of progressive managers and entrepreneurial CEOs and continue to provide training and educational opportunities for the entire manufacturing operation.

### **C. Center Program Goals for the Operating Year (Recommended Length up to 7 pages)**

The Center's goals for the operating year are listed in this section. The goals should support the implementation of the Center's strategies as outlined in the Center's Strategic Plan and Key Center Performance Measures. The Center should specifically articulate how it will accomplish these goals, i.e., how the work of the Center is designed to impact firms beyond simply providing technical assistance.

This section should also include any Center goals that are the result of recommendations made during the Center's most recent review. Centers are encouraged to include goals for continuing activities that are considered to be part of the Center's normal business practices.

Whenever possible, tie metrics to each goal with a comparison to the previous year's goal, if available. For Center performance metrics, include the previous year's actual results.

## **Section III**

### **A. Budget**

The Center's proposed budget for the funding period is divided into two sections, Federal/Non-Federal Sources of Funds and Expenses/Uses of Funds. The Federal/Non-Federal section should list sources such as NIST HMEP, State, Project/Services Fees (Program Income Projected), Anticipated Unexpended Program Income from Prior Operating Years, etc. The expense section should list the expense categories of the Center. Figures on budget/narrative (SF-424, SF424A) should be rounded to nearest dollar. **All budgets should include an explanation of**

**the accounting system (ie. accrual vs. cash) and documenting expenses and activities.**

Subrecipient costs within the Operating Plan package are to be captured in total within the Contractual line with a request to roll them up under a separate sub-item within Contractual as Subrecipient Agreements (SRA). Each SRA should contain a budget detailing the activities to be completed and their associated costs. **Note: Dollar amounts listed in the SRA table must be traceable directly to the budget and budget narrative.**

Center monitoring process and the monitoring Point of Contact should be discussed in the narrative under the “contractual” heading.

**Cost Share** - Cost share commitments must be met on an annual basis in accordance with the Center’s approved budget. Any cost sharing must be in accordance with the “cost sharing or matching” provisions of 15 CFR Part 14 or 15 CFR 24 and the Current NIST HMEP General Terms and Conditions. Costs included as cost share must be reasonable, allocable to the project and allowable under the applicable OMB cost principles: 2 CFR 225, 2 CFR 230, and 2 CFR 220.

**Program Income** – Application of Program income should be consistent with 15 CFR Sec. 14.2(aa), .22(g), and .24, and 15 CFR Sec. 24.21(f) and .25 and the Current NIST HMEP General Terms and Conditions

**Planned Program Income Level** – If the Center has plans of establishing program income they must provide a discussion of the basis for and targeted level of planned program income. The center will also include in the discussion a business plan for the planned program income level.

**Indirect Cost Rate** – Attach indirect cost rate proposal or approval with Operating Plan and verify rate letter from the cognizant agency with Operating Plan. Verify rate calculation and that the budget numbers are correct. Once Center receives final approval they must submit a copy of the approval to the Grants Officer.

**SF424/SF424A** – Line 7a on SF424A should reflect projected program income generated for the period and also include the amount of as unexpended program income proposed to be used during the upcoming proposed operating period.

**Fringe Benefits** - This category includes the rate and baseline as well as employer cost for benefits including health insurance, dental insurance, life insurance, pension plans, cafeteria (FLEX), and PTO. These expenses are consistent with the headcount for the Center. This category is net of employee co-pays and does not represent contributions made by employees.

## B. Sample Budget Table

Budget table below is a recommended format for Centers to follow.

### XMEP Operating Plan BUDGET

Current Operating Period

Category	Cash <sup>1</sup>	Third Party In-kind <sup>1</sup>	Total
<b>Revenue</b> (Federal and Non-Federal Cost Share)			
NIST HMEP Funds <sup>2</sup>			
Unexpended Federal Funds from previous operating period to be used ABOVE base <sup>3</sup>			
State/Local Funds			
Unexpended Program Income <sup>4</sup>			
Project/Service Fees			
Other <sup>5</sup>			
Interest & Dividends			
Third Party Contributions <sup>6</sup>			
<b>TOTAL REVENUE</b>			
<b>Expenses</b>			
Personnel			
Fringe Benefits			
Travel			
Equipment			
Supplies			
Contractual Total			
Professional Service			
Fees paid to Third Party Service Providers			
Sub-recipient <sup>7</sup>			
Sub recipient Cost Share <sup>8</sup>			
Other total			
Training			
Rent & Utilities			
Office Expenses			
Marketing			
Other Admin			
Indirect costs			
<b>TOTAL EXPENSES</b>			
<b>TOTAL REVENUE – TOTAL EXPENSES</b>			

Footnotes below provide further guidance. Do not include footnotes in your budget.

<sup>1</sup> Reference 15CFR Part 290.4(c): Host Contributions for definitions

<sup>2</sup> This line should reflect up to but no more than the annual base level of Federal Funding available to the Center. Note: The amount reflected in this line is the sum of any prior year unexpended Federal funding to be carried forward but **not above** base plus new year funding. The narrative should specify and describe the amount of each.

<sup>3</sup> This line should reflect only the unexpended fund amount being applied **above** base annual amount. The Center must include in the budget narrative, an explanation for the inability to expend the funds in the previous operating year. A business case for the use of these funds must also be included in the Budget narrative.

<sup>4</sup> If this object line is > \$0, Center must include in budget narrative a business case for the use of any funds for the current operations or for year to year business continuity requirements.

<sup>5</sup> Must provide detailed breakdown and fully explain in the narrative section (including Center and subaward/partner cost share).

<sup>6</sup> Third party contribution does not appear as a separate line item on the SF-424 but needs to be listed separately on this budget for the HMEP evaluation purposes.

<sup>7</sup> Subrecipient: Recipient (Center) provided funding to the Subrecipient.

<sup>8</sup> Subrecipient Cost share: Total cash and in-kind estimated cost share provided to the Recipient (Center).

**General Note:** The cost categories provided under “Other total” are just examples.

**Sample: Subawards/Third Party In-Kind Contributions Table**  
**(DO NOT INCLUDE CONTRACTS/SUBCONTRACTS ON THIS TABLE)**

**XMEP**  
**Period: Current Operating Year**  
**Date of Submission**

				Center Contribution	Subaward/Third Party Contributions				
				1	2	3	4	SUM 2 + 3 + 4	
					Funding 12 MONTHS	Funding 12 MONTHS (290.4(c)(4))	Funding 12 MONTHS (290.4(c)(5))	Funding 12 MONTHS	
Organization Name	Agreement Period	Staff Responsible for Monitoring of Agreement	Agreement Type Subaward or Third Party Contributions (TPC)	Center-provided Funding (Federal or Non-Federal) to the Subrecipient Under the Award <sup>1</sup>	Estimated Cost Share CASH	Estimated Cost Share THIRD PARTY IN-KIND (Including full-time personnel)	Estimated Cost Share THIRD PARTY IN-KIND <sup>2</sup> (Part time personnel)	Total Estimated Cost Share to Center	Purpose/Nature of Cost Share <sup>3</sup>
<b>TOTAL</b>									

Notes:

<sup>1</sup> Per 15 CFR Part 290.4 please state the dollar amount proposed/budgeted (or the value of property provided in lieu of money) by the Center under the award to the partner organization.

<sup>2</sup> Third party in-kind contributions of part-time personnel, equipment, software, rental value of centrally located space (office and laboratory) and other related contributions may be up to a maximum of one-half of the recipient's share. Allowable capital expenditures may be applied in the award funding period expended or in subsequent funding periods consistent with the written accounting procedures of the recipient. See 15 CFR Part 14.23 and 24.24 for rules governing valuation of contributions of services and property.

<sup>3</sup> Purpose/Nature of cost share refers to the RELATED EXPENSE and the related tasks of the scope of work. Provide a narrative description of the manner in which the cost share accomplishes programmatic objectives and will further the impact of the Federal investment made to the Center and identify the nature of the contribution, e.g. office space, partner staff, etc.

Dollar amounts listed in the Subawards/Third Party In-Kind Contributions Table must tie directly to the budget and be described in the budget narrative.

Each item of the Subawards/Third Party In-Kind Contributions Table should be shown as a separate line item in the budget funding section and narrative.

**Note: A center should articulate in this section its Subaward/Third Party monitoring process and identify the person responsible for monitoring Subaward/Third Party activities.**

## C. Budget Narrative

This section should include a budget narrative that ties to the numbers and categories contained in the Center Budget. Adequate quantifiable detail should be provided so that NIST HMEP and the NIST Grants Office can make a preliminary determination of the allowability, allocability, and reasonableness of the proposed costs.

Centers should fully describe any and all cost share contributions. The value of each third party in-kind contribution established in accordance with the applicable administrative requirements, (see 15 CFR Part 14.23 or 15 CFR Part 24.24, and the applicable cost principles: 2 CFR Part 220 (replaces OMB Circular A-21), 2 CFR Part 225 (replaces OMB Circular A-87 and 2 CFR Part 230 (replaces OMB Circular A-122).

## D. Unexpended Federal funds at the end of the Operating Period

NIST HMEP does not anticipate Centers having unexpended Federal funds (UFF). Any Center with UFF at the end of the operating period is required to submit a revised SF424A reflecting the budget changes from the prior operating period.

If a Center has UFF at the end of the operating period it may request for NIST HMEP to review and approve to carry those funds forward into the next operating period. There are two options available for carrying UFF forward as outlined below.

**Option A:** If a Center has unexpended Federal Funds at the end of its Operating Year and would like to carry this amount forward into the new Operating Year **towards the normal base funding**, the Center is required to do the following:

1. Prepare a cover letter requesting to carry-forward the total amount of unexpended Federal funds into the upcoming operating year. Include an explanation of why the funds were not expended in the previous operating year along with an updated budget chart for the previous year that reflects the realized budget (Federal/non-Federal) utilized
2. If approved, Center's unexpended Federal Funds for the previous period will be applied towards the annual base award amount for the upcoming operating year

**Option B:** If a Center has unexpended Federal Funds at the end of its Operating Year and would like to request approval to carry this amount forward, **above its annual award amount**, the Center is required to:

### Carryover under \$100K

Prepare a cover letter requesting to carry-forward the total amount of unexpended Federal funds. Include an explanation of why the funds were not expended in the previous operating year along **that is above and beyond the Center's normal scope of operation** with an updated budget chart for the previous year that reflects the realized budget (Federal/non-Federal).

### Carryover \$100K or more – and Year-to-Year (Multi-year) Carryover

Prepare a cover letter requesting to carry-forward the total amount of unexpended Federal funds supported by a detailed project plan that includes description, budget allocation, interim milestones and deliverables into the upcoming operating year.

1. Include an explanation of why the funds were not expended in the previous operating year along with an updated budget chart and how they will be applied in the new operating year **that is above and beyond the Center's normal scope of operation.**
2. Include unexpended Federal dollar amount on Operating Plan budget chart and reflect appropriate cost share.
3. Include a description about the use of unexpended Federal dollars in Operating Plan budget narrative.
4. The combined annual base award amount and unexpended amount should be reflected on the SF424 and SF424A.



# APPENDIX I

## Sample Operating Plan Cover Sheet Template

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**Cover Page** *(Center may choose to add their logo on the cover page)*

### OPERATING PLAN

**HMEP (DBA) and Legal Recipient Name**

Current Operating Period Dates

Version 1.X \*

Cooperative Agreement Number: 70NANBXHXXXX

Submitted: DATE - Month/Day/Year

\* Indicate version number for tracking

## APPENDIX II: Subawards, Subrecipients, Third Party Agreements

### A. Subawards

Per 15 CFR Part 14.2(ii), **Subaward** means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier sub-recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance, which is excluded from the definition of "award" in paragraph (f). In accordance with paragraph (f), the term does not include technical assistance, which provides services instead of money.

### B. Subrecipients

Per 15 CFR Part 14.2(jj), **Subrecipient** means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. A subaward is created whenever the recipient provides financial assistance under the award in the form of money (Federal or non-Federal), or property in lieu of money.

All subrecipient agreements (subawards), must, at a minimum, include:

- CFDA Number, Award Number, Award performance period, and Awarding Agency (for audit purposes),
- Project Scope/Operating Plan (should show relationship (nexus/linkage) between Center Operating Plan and subrecipient's scope of work),
- Detailed Object Class Budget,
- Administrative and Legal remedies for failure to adhere to the terms and conditions of the agreement, and
- All applicable flow-down provisions including audit clauses from the NIST awarded Cooperative Agreement. [Including "Retention and access requirements for records" under 15 CFR Part 14.53]

**NOTE:** An example of acceptable flow-down language would be: "All terms of the attached NIST cooperative agreement apply to the subrecipient, except those specifically excluding subrecipients from coverage and those setting forth the scope of work, budget, and cost share, unless specifically addressed in the award. Terms that flow down include all Federal, Commerce Department, and MEP statutes, regulations, and program requirements. Flow down provisions that on the recipient level require interactions between the recipient and NIST, such as payment mechanisms, program and financial reporting and prior approvals, on the subrecipient level require that the same or analogous interactions occur between the subrecipient and the Recipient, and not between the subrecipient and NIST.

It is the responsibility of the Center to monitor all subrecipient activity and to make a determination that all costs that are claimed as either direct reimbursement from the MEP or as matching share are allowable, allocable and reasonable. Documentation related to non-Federal cost share that meets the administrative regulations and cost principles

governing the agreement must be maintained throughout the life of the cooperative agreement. The Center should ensure that the subrecipient has complied with all the terms of the subrecipient agreement and maintains documentation supporting all costs.

**The Operating Plan should include a brief description of the Center monitoring process and identify the Center point of contact that will be responsible for this process.**

In almost all instances, subawards involve the provision of money from a Center to another entity under the MEP award. If a subrecipient is not receiving money from the Center it must receive property in lieu of money, and have obligations to perform in the Center's stead under the first-tier MEP award from NIST to the Center. If property is provided in lieu of money, the value of the property, and the subrecipient's performance obligations under the award should be clearly documented in the agreement between the parties and implemented in practice, [consistent with 15 CFR 14.2(f), (jj), and 15 CFR 24.3 ]. Property, provided in lieu of funds to the subrecipient should be valued in accordance with the administrative requirements (15 CFR Part 14 or 15 CFR Part 24) and the cost principles governing the award (OMB Circulars A-21, A-87, and A-122). In the unusual event that a Center is considering the provision of property rather than money, it should discuss any such potential subrecipient arrangements with the FPO promptly.

If the Center receives more than the budgeted cost share from its subrecipients, then the subrecipient agreement must highlight the specific activities that will contribute to the MEP Program and a budget reflecting those specific activities.

Subrecipient agreements with budget amounts in excess of \$100K, included under either the Federal share or non-Federal share, must be approved, in advance and in writing, by the NIST Grants Officer. Additionally, in the unlikely event of a subaward involving property in lieu of money from the Center, the agreement must be reviewed and approved in advance by the NIST Grants Officer.

In accordance with the flow down requirements of the award, all subrecipient awards under the MEP cooperative agreement, must also include the applicable uniform administrative requirements and general and special award conditions that accompany the cooperative agreement and apply to the MEP Center.

### **C. Third Party In-Kind Contributor Agreements**

Third Party In-Kind Contributor Agreement means an agreement between a recipient or a subrecipient and a non-Federal third party involving non-cash contributions that accomplish program objectives, further the impact of the Federal investment in the Center and are specifically identified with the MEP program.

## D. Contracts

Per 15 CFR Part 14.2(i), **Contract** means a procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract.

The prior approval requirement, which stems from Hollings Manufacturing Extension Partnership *General Terms and Conditions*, Section 11. *Approvals*, extends to contracts and agreements in excess of \$100,000 in total operating budget. At a minimum, the contracts should include:

- Type of procurement instrument (cost plus fixed fee, firm fixed price, etc.)
- Budget or Price
- Scope of Work
- Administrative and legal remedies for non-compliance or breach of contract terms
- Termination Clause – including the manner by which the termination shall be effected and the basis for settlement. In addition, a description of conditions when a contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor must be included.
- Access to Books and Records Clause – Allows the Center, DOC, NIST, DOC/OIG, the Comptroller of the U.S., or any duly authorized representative, to access the books, documents, papers and records of the contractor which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- Payment terms
- Equal Employment Opportunity Provision
- Clean Air Act and Federal Water Pollution Control Act Provision
- Intellectual Property Rights
- Data Rights
- New Restrictions on Lobbying – 15 CFR Part 28
- Debarment and Suspension – 2 CFR Part 1326
- Cost Principles – 48 CFR 31.2

All contracts awarded under the MEP cooperative agreement should be consistent with 15 CFR Part 14.40 through 14.48 and 15 CFR Part 24.36.

## E. MEP General Terms and Conditions

The *MEP General Terms and Conditions* set forth the requirements that the Center has agreed to by entering into a cooperative agreement with HMEP. This document applies to all Recipients of cooperative agreement awards under the Hollings Manufacturing Extension Partnership. The current version can be found at [www.mepcenters.nist.gov](http://www.mepcenters.nist.gov) "Source for Centers" within the CFO Community of Practice.

## F. MEP Audit & Compliance Guide (April 2007 Version 1.0)

The *MEP Audit & Compliance Guide* is intended to assist Recipients and their auditors by providing a general program overview and guidance in complying with program and government regulations. The Guide can be found at [www.mepcenters.nist.gov](http://www.mepcenters.nist.gov) "Source for Centers" within the CFO Community of Practice. The Guide is not a compliance supplement and does not conflict with the requirements of OMB Circular A-133 (Audits of States, Local Government and Non-Profit Organizations). The guide includes a comprehensive discussion of regulations and requirements as they apply to the HMEP Program, illustrations of the application of the regulations and requirements to HMEP activities, samples of required forms and reports, and suggested audit procedures. Examples of topics include:

- Cost Share definition and requirements (Federal and non-Federal)
- Subrecipients and Subawards
- Procurement Standards
- Program Income
- Audit requirements
- Cash Management
- Allowable and Unallowable Costs

## **G. Regulations and Guidelines**

Below is a list of HMEP-related documents that are crucial to ensuring compliance with HMEP program requirements. This is not an all inclusive list but intended to highlight the major requirement sources.

- 15 USC 278k Sections 25 and 26 - National Institute of Standards and Technology Act, as amended
- 15 CFR Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit, and Commercial Organizations
- 15 CFR Part 24, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- Department of Commerce, Financial Assistance Standard Terms and Conditions
- OMB Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122, Cost Principles for Non-Profit Organizations
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- 2 CFR Part 1326, Department of Commerce Implementation of OMB Guidance on Non-procurement Debarment and Suspension
- 15 CFR Part 28, New Restrictions on Lobbying
- 15 CFR Part 29, Drug Free Workplace
- 15 CFR Part 290, Regional Centers for the Transfer of Manufacturing Technology
- Federal Register Notices 15219-15223 dated 3/16/2001 and 12890-12893 dated 3/18/2003

APPENDIX III: Operating Plan Budget Checklist

This checklist applies to the following: The Sample Budget (Revenues/Sources of Funds and Expenses/Uses of Funds), the Budget Narrative, and the Subaward/Third-Party In-Kind Contributors Table. These three documents must reconcile with the SF-424 and SF-424A. This checklist is available to Recipient to use in preparation of its renewal package and as a tool for GAMD and the HMEP Program Office during review. Each office will provide a final version with renewal package as part of review.

Award Number: \_\_\_\_\_

Recipient: \_\_\_\_\_

Please address each item below:

	Yes	No
1) Does the SF-424A match the Operating Plan Budget and the Budget narrative? If "No" then one of the documents needs to be resubmitted	<input type="checkbox"/>	<input type="checkbox"/>
2) On the Operating Plan Budget, does the Federal/Non-Federal Cost Share minus Expenses equal Zero? If "No" then the Recipient needs to provide plans for the use of the unexpended program income.	<input type="checkbox"/>	<input type="checkbox"/>

The Following Pertain to the "**Budget Narrative**":

**NOTE: A Budget Narrative MUST be submitted for EACH subrecipient agreement. The following items must be addressed for EACH budget narrative.**

If "No" is answered to any of the following, please request the information from the Recipient.

3) Is there a description of sources of State and Local Funds?	<input type="checkbox"/>	<input type="checkbox"/>
4) Is there a description of how the anticipated unexpended program income will be applied?	<input type="checkbox"/>	<input type="checkbox"/>
5) Is the Anticipated Unexpended Program Income from Prior Operating Years reflected on the Operating Plan Budget?	<input type="checkbox"/>	<input type="checkbox"/>
6) Are the "Other" sources described?	<input type="checkbox"/>	<input type="checkbox"/>
7) Is there an explanation of Third-Party contributions and how it was valued? (See 15 CFR Part 14.23 or 14 CFR Part 24.24 for valuation)	<input type="checkbox"/>	<input type="checkbox"/>
8) PERSONNEL - Does the Center list all personnel costs, including third-party in-kind personnel? (The Center <b>must</b> note whether the In-Kind personnel were Full Time or Part Time. See 15 CFR Part 290.4 - HMEP Rule)	<input type="checkbox"/>	<input type="checkbox"/>
9) TRAVEL: Did the Center Identify cost for local travel and costs for long distance trips? Were long distance trips identified? Was any travel contributed by a third party?	<input type="checkbox"/>	<input type="checkbox"/>
10) EQUIPMENT: Did the Center identify equipment items and purchase cost? (Equipment items with an invoice price exceeding \$10,000 must be described and justified) Was any equipment contributed by a third party (see 15 CFR Part 14.23 or 15 CFR Part 24.24)?	<input type="checkbox"/>	<input type="checkbox"/>

11) MATERIALS/SUPPLIES: Did the Center Identify general types of expendable supplies/materials?  
 Were any materials/supplies contributed by a third party? If so,  
 are they listed?

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12) Professional Services - Did Center provide brief information on what services were included?  
 Are any of the services in kind? If so, are they listed?

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13) Fees Paid to 3rd Party Providers - Did Center provide hourly or daily rate of providers?  
 Are any of the services in-kind?  
 If so, are they listed?


14) OTHER- Are Other costs fully explained?  
 Are any of the Other costs in-kind? If so, are they listed?


15) INDIRECT COSTS- Does the recipient and any subrecipients have negotiated indirect rates?  
 If yes, is there a copy in the file? (If not, request a copy)  
 (NOTE: If they have indirect costs then they shouldn't direct charge rent, utilities, office/admin.  
 and other operating expenses unless they are DIRECTLY incurred just for this award.)


The Following Pertain to the "**Sub-Award/Third Party In-Kind Contributions Table**":  
 Note: Every column should be completed for each agreement.

16) Are the agreement periods within the period of the award?

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17) If Agreement Type is a sub-award agreement, is the Recipient providing a funding commitment or  
 property in lieu of money?  
 (If "No" then it should be a TPC (Third-Party Contributions))

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**SUBRECIPIENT AND THIRD-PARTY CONTRIBUTOR AGREEMENTS**

If the subrecipient agreements are available for review at the time of the Operating Plan submission then the figures in the SubAward/Third Party In-Kind Contributor Table (Section III, C.) should be reviewed to ensure that they match the budgeted amounts in the subagreement. If the agreements are not available then a special award condition will be added stating that the agreements must be provided by insert date provided by HMEP. Once received they should be compared to the Table stated above. **NOTE: EACH AGREEMENT MUST CONTAIN A DETAILED BUDGET**

1) a) Will the subrecipient receive funds from the Recipient (Center)?  
 b) Will the subrecipient receive anything of quantifiable value in lieu of funding from the Center?  
 c) If yes to either question above, is it identified in the subrecipient agreement (subaward)?




2) Does the agreement provide an adequate explanation of how the proposed match was valued?  
If "No" then request the information from the Recipient.

YesNo

3) Did the agreements include a statement that the subrecipient must comply with the provisions of the NIST award including applicable cost principles, administrative and audit requirements (FLOW-DOWN PROVISIONS)?

4) For contracts (providing goods or services) over \$100K was the attached checklist completed?

NIST HMEP Program Review

Date:

Signature:

NIST GAMD Review

Date:

Signature: